ANNUAL FINANCIAL STATEMENTS
NTAMBANANA MUNICIPALITY
FOR THE YEAR ENDED
30 JUNE 2012

Annual Financial Statements

for

NTAMBANANA MUNICIPALITY

for the year ended 30 June: ***2012***

Province:	KwaZulu Natal
AFS rounding:	***R (i.e. only cents)***

Contact Information:

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General information

Members of the Council

GK Khumalo	**Mayor**
WK Vilakazi	**Speaker**
MJ Xulu	Deputy Mayor
EM Chonco	Member
NR Mnqayi	Member
SZ Xulu	Member
TF Zincume	Member
DP Simelane	Member
SB Sibiya	Member
MM Cebekhulu	Member
KD Sibiya	Member
LC Mfeka	Member
GF Biyela	Member
HF Mthiyane	Member
B Mabaso	Member
HC De Villiers	

Municipal Manager

RP Mnguni

Chief Financial Officer

TRN Myeza

Grading of Local Authority

Grade 1

Auditors

Auditor-General

Bankers

ABSA

General information (continued)

Registered Office:	Ntambanana Municipality offices
Physical address:	Buchanana Reserve Next to Buchanana Police Station Ntambanana Empangeni 3880
Postal address:	**Private bag x 20066** Empangeni 3880
Telephone number:	035 793 7091/2/3
Fax number:	035 793 7094
E-mail address:	mngunir@ntambanana.org.za

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 59, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.
I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 19 of these Annual Financial Statements are within the upper limits of framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager:

DATE 31/08/2012

NTAMBANANA MUNICIPALITY
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for the year ended 30 June 2012

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NTAMBANANA MUNICIPALITY
STATEMENT OF FINANCIAL POSITION
as at 30 June 2012

	Note	2012 R	2011 R
ASSETS			
Current assets			
Cash and cash equivalents	1	17 397 841	6 326 668
Trade and other receivables from exchange transactions	2	512 732	585 520
Other receivables from non-exchange transactions	3	120 175	198 048
VAT receivable	8	1 406 157	1 105 261
Construction contracts and receivables		-	-
Non-current assets held for sale	6	-	3 352 001
Non-current assets			
Property, plant and equipment	4	29 731 436	23 084 640
Intangible assets	5	41 340	-
Total assets		**49 209 681**	**34 652 138**
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	7	496 699	662 013
Current provisions	9	487 356	491 918
Current portion of unspent conditional grants and receipts	10	14 892 660	9 194 503
Non-current liabilities			
Total liabilities		**15 876 716**	**10 348 434**
Net assets		**33 332 965**	**24 303 704**
NET ASSETS			
Reserves		-	-
Accumulated surplus / (deficit)		33 332 965	24 303 704
Total net assets		**33 332 965**	**24 303 704**

NTAMBANANA MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
for the year ending 30 June 2012

	Note	2012 R	2011 R
Revenue			
Property rates	11	1 228 788	501 640
Rental of facilities and equipment	12	32 658	124 368
Interest earned - external investments	13	712 554	429 345
Interest earned - outstanding receivables	14	74 734	82 031
Government grants and subsidies	15	44 509 182	48 534 656
Other income	16	1 001 209	134 734
Total revenue		**47 559 125**	**49 806 774**
Expenses			
Employee related costs	17	7 817 323	7 400 690
Remuneration of councillors	18	2 871 018	2 486 614
Bad debts		-	-
Depreciation and amortisation expense	19	1 101 099	1 270 950
Repairs and maintenance		276 695	390 561
Contracted services	20	603 400	515 518
Grants and subsidies paid	21	14 928 560	26 639 772
General expenses	22	8 183 627	7 401 665
Contribution to provisions		1 145 297	491 918
Total expenses		**36 927 018**	**46 597 688**
Gain on sale of assets	23	2 695 899	(67 010)
Loss on sale of assets	24	(34 841)	-
Surplus / (deficit) for the period		**13 293 165**	**3 142 076**

NTAMBANANA MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
as at 30 June 2012

	Note	Revaluation Reserve	Other reserves	Total: Reserves	Accumulated Surplus/(Deficit)	Total: Net Assets
		R	R	R	R	R
Balance at 30 June 2010				-	**21 054 133**	21 054 133
Changes in accounting policy	27					-
Correction of prior period error	28				107 496	107 496
Restated balance		-	-	-	**21 161 629**	21 161 628
Surplus / (deficit) on revaluation of property of property, plant and equipment						-
Other items						-
Other items						-
Net gains and losses not recognised in the statement of financial performance						-
Transfers to / from accumulated surplus/(deficit)			-	-	-	-
Surplus / (deficit) for the period					3 142 076	3 142 076
Balance at 30 June 2011		-	-	-	**24 303 704**	**24 303 704**
Correction of prior period error					-	-
Restated balance		-	-	-	**24 303 704**	**24 303 704**
Surplus / (deficit) on revaluation of property of property, plant and equipment						-
Backlog depreciation					(9 601 257)	(9 601 257)
Other items						-
Net gains and losses not recognised in the statement of financial performance						-
Transfers to / from accumulated surplus/(deficit)					5 337 353	5 337 353
Surplus / (deficit) for the period					13 293 165	13 293 165
Balance at 30 June 2012		-	-	-	**33 332 965**	**33 332 965**

NTAMBANANA MUNICIPALITY
CASH FLOW STATEMENT
as at 30 June 2012

	Note	2012 R	2011 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		59 808 454	56 213 285
Cash Receipts from ratepayers, government and others		60 521 008	56 642 630
Finance income		(712 554)	(429 345)
Payments		42 146 204	(43 347 136)
Cash paid to suppliers and employees		(42 146 204)	(43 347 136)
Net cash flows from operating activities	24	**25 299 807**	**10 512 705**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (PPE)		(14 067 113)	(7 945 804)
Proceeds from sale of investments		-	
Purchase of intangibles		(41 340)	
Net cash flows from investing activities		**(14 108 453)**	**(7 945 804)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings			
Repayment of borrowings			
Proceeds from finance lease liability			
Repayment of finance lease liability			
Net cash flows from financing activities		-	-
Net increase / (decrease) in net cash and cash equivalents		11 191 354	2 566 901
Net cash and cash equivalents at beginning of period		6 326 669	3 759 768
Net cash and cash equivalents at end of period	25	**17 397 841**	**6 326 669**

NTAMBANANA MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ended 30 June 2012

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. These Annual Financial Statements have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

These standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statement
GRAP 3	Accounting Policies , Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Investments in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Properties
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets

Accounting policies for material transaction, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraph 7,11 and 12 of GRAP 3.These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Accounting Standards Board has set transitional provisions for individual standards of GRAP as set out in Directive 4 issued in March 2009. Details of the transitional provisions applicable to the municipality have been provided in the notes to the Annual Financial Statements.

A summary of the significant accounting policies which have been consistently applied except where transitional provisions has been granted are disclosed below.

1.2 PRESENTATION CURRENCY

These Annual Financial Statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These Annual Financial Statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18	Segment Reporting - issued March 2005
GRAP 21	Impairment of Non-Cash-generating-assets - issued March 2009
GRAP 23	Revenue from Non-Exchange Transactions - issued February 2008
GRAP 24	Presentation of Budget Information - issued November 2007
GRAP 26	Impairment of Cash-generating-assets - issued March 2009
GRAP 103	Heritage Assets - issued July 2008
IAS 19	Employee Benefits - effective 1 January 2009
IFRIC 17	Distribution of Non-cash Assets to Owners - effective 1 July 2009

2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset's) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

2.2 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. **Land** is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

2.3 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure Assets		***Other Assets***	
Roads and Paving	30 years	Buildings	30 years
Stormwater Drainage	20 years	Specialist vehicles	10 years
Community Assets		Other vehicles	5 years
Buildings	30 years	Office equipment	3-7 years
Recreational Facility	20-30 years	Furniture and fittings	7-10 years
Security	5 years	Bins and containers	5 years
Community Halls	30 years	Specialised plant and equipment	10-15 years
Libraries	30 years	Landfill sites	15 years
Parks and gardens	10 years	Computer equipment	3 years
Finance Lease Assets			
Office equipment	4 years		

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Ntambanana Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Boards, in terms of Directive 4 issued in March 2009 , with respect to the measurement of property , plant and equipment as set out in paragraph 73 to 83.

2.4 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitlised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset's) given up.

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amoritisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	5 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Ntambanana Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Boards, in terms of Directive 4 issued in March 2009 , with respect to the measurement of Intangible Assets as set out in paragraph 110 to 118.

3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

4 INVESTMENT PROPERTY

4.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is the cost at date of completion.

4.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period.

5 NON-CURRENT ASSETS HELD FOR SALE

5.1 INITIAL RECOGNITION

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

5.2 SUBSEQUENT MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

6 FINANCIAL INSTRUMENTS

6.1 INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

6.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

6.2.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

6.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

Provision for doubtful debts is calculated by categorising the outstanding into three:

Category A are governement properties and those who owe less the 30 days. No provision is made forthem.

Category B are those who irregular payers, and the debts is more then 60 days. The provision is made at 25%

Category C are bad payers and the provision is at 50%

6.2.3 FINANCIAL LIABILITIES: ACCOUNTS PAYABLE

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liaibilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

6.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

7 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

8 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

9 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

10 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:
(a) The municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and
(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

11 LEASES

11.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

11.2 MUNICIPALITY AS LESSOR

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease installments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

12 REVENUE

12.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

12.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible Councilors or officials is virtually certain.

12.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

13 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

14 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and Councillors. Contributions are made to the Natal Joint Municipal Pension Fund to fund the obligations for the payment of retirement benefits in accordance with the rules of the defined benefit funds it administers. Contributions are recognised as an expense in the statement of Financial Performance.

The funds are actuarially valued every three years using the discounted cash flow method. Any deficits identified by the actuary are recovered from participating municipalities in the form of surcharges added to the contributions which are recognised as an expense in the statement of Financial Performance in the year that they become payable.

15 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:
- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:
- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the

impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

16 TRANSITIONAL PROVISIONS

Ntambanana Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows:

GRAP 1	Presentation of Financial Statements - paragraphs 7-8A
GRAP 9	Revenue from Exchange Transactions - paragraphs 37-38
GRAP 12	Inventories - paragraphs 45-52
GRAP 13	Leases - paragraphs 55-60
GRAP 17	Property, Plant and Equipment - paragraphs 73-83
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets - paragraph 93-94E
GRAP 102	Intangible Assets - paragraph 110-118

	Note	2012 R	2011 R
1 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of the following:			
Cash on hand			
Cash at bank			
Call deposits			
		17 397 841	6 326 668
The Municipality has the following bank accounts: -			
Current Account (Primary Bank Account)			
ABSABank Limited - Durban La Lucia Branch: Account Number 4054154293			
Cash book balance at beginning of year		2 766 234	236 823
Cash book balance at end of year		660 463	2 766 234
Bank statement balance at beginning of year		2 766 234	236 823
Bank statement balance at end of year		660 463	2 766 234
Current Account(Call account)			
ABSABank Limited - Durban La Lucia Branch: Account Number 9116410562			
Cash book balance at beginning of year		3 162 871	63 522
Cash book balance at end of year		2 457 829	3 162 871
Bank statement balance at beginning of year		3 162 871	3 002 432
Bank statement balance at end of year		2 457 829	3 162 871
Current Account(NEP accoumt)			
ABSABank Limited - Durban La Lucia Branch: Account Number 9228120980			
Cash book balance at beginning of year		8 967	128 723
Cash book balance at end of year		6 912 957	8 967
Bank statement balance at beginning of year		8 967	128 723
Bank statement balance at end of year		6 912 957	8 967
Current Account(Housing fund account)			
ABSABank Limited - Durban La Lucia Branch: Account Number 9234461881			
Cash book balance at beginning of year		317 966	304 569
Cash book balance at end of year		330 956	317 966
Bank statement balance at beginning of year		317 966	304 569
Bank statement balance at end of year		330 956	317 966

	Note	2012 R	2011 R
Current Account(Special Disaster account)			
ABSABank Limited - Durban La Lucia Branch: Account Number 4072416887			
Cash book balance at beginning of year		6 158	7 094
Cash book balance at end of year		5 358	6 158
Bank statement balance at beginning of year		6 158	7 094
Bank statement balance at end of year		5 358	6 158
Current Account(Housing Project fund)			
ABSABank Limited - Durban La Lucia Branch: Account Number 4058836768			
Cash book balance at beginning of year		64 471	63 522
Cash book balance at end of year		63 755	64 471
Bank statement balance at beginning of year		64 471	64 471
Bank statement balance at end of year		63 755	64 471
Current Account(Investment account)			
ABSABank Limited - Durban La Lucia Branch: Account Number 2072141729			
Cash book balance at beginning of year		-	-
Cash book balance at end of year		6 270 000	-
Bank statement balance at beginning of year		-	-
Bank statement balance at end of year		6 270 000	-

	Note	2012 R	2011 R
Current Account(MIG)			
ABSABank Limited - Durban La Lucia Branch: Account Number 9272964122			
Cash book balance at beginning of year		-	-
Cash book balance at end of year		696 523	-
Bank statement balance at beginning of year		-	-
Bank statement balance at end of year		696 523	-
Cash on Hand		-	-
Total cash and cash equivalents		17 397 841	6 326 668
Total bank overdraft		-	-

2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS	Gross Balances R	Provision for Doubtful Debts R	Net Balance R
Trade receivables			
as at 30 June 2012			
Service debtors			
Rates	1 170 673	657 941	512 732
Refuse	-	-	-
Total	**1 170 673**	**657 941**	**512 732**
Other receivables	-	-	-
Other receivables	-	-	-
Total Trade and other receivables	**1 170 673**	**657 941**	**512 732**
as at 30 June 2011			
Service debtors			
Rates	1 159 266	573 746	585 520
Refuse	-	-	-
Total	**1 159 266**	**573 746**	**585 520**
Other receivables	-	-	-
Other receivables	-	-	-
Total Trade and other receivables	**1 159 266**	**573 746**	**585 520**

	Note	2012 R	2011 R
3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS			
Accrued interest		120 175	-
Total Other Debtors		**120 175**	**-**

4 PROPERTY, PLANT AND EQUIPMENT

4.1 Reconciliation of Carrying Value	Land and Buildings R	Other assets R	Total R
as at 1 July 2011	**2 195 560**	**20 889 078**	**23 084 638**
Cost/Revaluation	2 890 896	24 634 716	27 525 612
Correction of error (note 48)			-
Change in accounting policy (note 47)			-
Accumulated depreciation and impairment losses	(695 336)	(3 745 638)	(4 440 974)
Revaluations	1 531 858	153 865	1 685 723
Acquisitions	4 246 500	4 774 643	19 532 359
Capital under Construction	6 752 569	-	13 505 230
Depreciation	(65 028)	(1 036 071)	(1 101 099)
Backlog depreciation	(605 604)	(9 071 092)	(9 676 696)
Carrying value of disposals	**-**	**34 841**	**34 841**
Cost/Revaluation	-	1 285 434	1 285 434
Accumulated depreciation and impairment losses	-	(1 250 593)	(1 250 593)
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements*	-	-	-
as at 30 June 2012	**14 055 854**	**15 675 582**	**29 731 436**
Cost/Revaluation	15 421 822	28 277 790	43 699 612
Accumulated depreciation and impairment losses	(1 365 968)	(12 602 208)	(26 488 002)

*Other movements consist of.....

11.1 Reconciliation of Carrying Value	Land and Buildings R	Other assets R	Total R
as at 1 July 2010	**2 233 438**	**16 974 344**	**16 493 094**
Cost/Revaluation	2 833 212	16 974 344	19 807 556
Correction of error (note 48)			-
Change in accounting policy (note 47)			-
Accumulated depreciation and impairment losses	(599 774)	(2 714 688)	(3 314 462)
Acquisitions	57 684	7 888 119	7 945 803
Capital under Construction	-	-	-
Depreciation	(95 562)	(1 175 388)	(1 270 950)
Carrying value of disposals	-	**(67 010)**	**(67 010)**
Cost/Revaluation	-	(227 747)	(227 747)
Accumulated depreciation and impairment losses	-	160 737	160 737
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
*Other movements	-	-	-
as at 30 June 2011	**2 195 560**	**21 098 347**	**23 084 640**
Cost/Revaluation	2 890 896	24 634 716	27 525 612
Accumulated depreciation and impairment losses	(695 336)	(3 536 369)	(4 440 974)

*Other movements consist of

	Note	2012 R	2011 R
5 INTANGIBLE ASSETS			

5.1 Reconciliation of carrying value

	Computer Software R	Other* R	Total R
as at 1 July 2011	-	-	-
Cost	-	-	-
Correction of error (note 48)			-
Change in accounting policy (note 47)			-
Accumulated amortisation and impairment losses	-	-	-
Acquisitions	41 340	-	41 340
Amortisation	-	-	-
Carrying value of disposals	-	-	-
Cost	-	-	-
Accumulated amortisation	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements	-	-	-
as at 30 June 2012	**41 340**	-	**41 340**
Cost	41 340	-	41 340
Accumulated amortisation and impairment losses	-	-	-

	Note	2012 R	2011 R
6 NON-CURRENT ASSETS HELD FOR SALE			
Property, plant and equipment		-	3 352 001
Investment property		-	-
Other assets		-	-
		-	3 352 001

7 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Trade creditors	136 932	400 732
Leave accruals	-	-
Payments received in advance	359 767	261 282
Total creditors	**496 699**	**662 013**

8 VAT RECEIVABLE

VAT receivable	1 406 157	1 105 261
	1 406 157	**1 105 261**

	Note	2012 R	2011 R
9 PROVISIONS			
Performance bonus		250 575	250 910
Provision for leave		236 782	241 009
Other provisions		-	-
Total Provisions		**487 356**	**491 918**
10 UNSPENT CONDITIONAL GRANTS AND RECEIPTS			
10.1 Unspent Conditional Grants from other spheres of Government			
MIG Grants		98 146	-
FMG Grants		-	-
NEP Grants		8 739 190	5 719 231
MSIG Grants		-	-
Housing grants		87 928	87 928
Corridor Grants		-	-
Waste Management Grant		5 229 386	3 387 343
Sports Grant		28 069	-
LED Grant		-	-
Lottery Grant		-	-
MAP Grant		-	-
IDP Grant		-	-
Establishment Grant		-	-
Library Grant		87 713	-
Support for Thusong centres		117 013	-
MPCC'S		434 668	-
Community library services grant		70 547	-
Other			
Total Unspent Conditional Grants and Receipts		**14 892 660**	**9 194 503**
Non-current unspent conditional grants and receipts		-	-
Current portion of unspent conditional grants and receipts		**14 892 660**	**9 194 503**

	Note	2012 R	2011 R
11 PROPERTY RATES			
Actual			
Residential		2 737 920	1 100 595
Less: income forgone		-	
Rebates		(2 798)	(73 280)
Remission		(1 506 334)	(525 675)
Total property rates		**1 228 788**	**501 640**
Property rates - penalties imposed and collection charges		-	-
Total		**1 228 788**	**501 640**
Valuations			
Commercial		6 613 600	937 600
Residential		26 901 000	22 885 000
Agriculture		144 461 000	136 436 000
Government/State		121 754 000	75 877 575
Municipal (Ingonyama Trust land		97 327 000	38 604 000
Total Property Valuations		**397 056 600**	**274 740 175**

	Note	2012 R	2011 R
12 RENTAL OF FACILITIES AND EQUIPMENT			
Rent- internal		22 658	19 105
Heatonberry farm rental		10 000	105 263
Total rentals		32 658	124 368
13 INTEREST EARNED - EXTERNAL INVESTMENTS			
Bank		712 554	429 345
Total interest		712 554	429 345
14 INTEREST EARNED - OUTSTANDING RECEIVABLES			
Rates -debtors		74 734	82 031
Total interest		74 734	82 031
15 GOVERNMENT GRANTS AND SUBSIDIES (conditions met)			
Equitable share		14 687 000	14 749 971
MIG Grant		10 094 854	7 307 099
NEP Grant		12 980 040	23 456 439
MSIG Grant		790 000	784 147
MAP Projects		-	53 265
FMG Grant		1 450 000	1 235 796
National Lottery Grant		-	422 283
Refuse removal Grant		3 609 956	525 656
Support for Thusong services		382 987	
MPCC's		232 332	
Library		145 627	
Infrastructure Sports facility		121 931	
Community library service		14 454	
Total Government Grant and Subsidies		44 509 182	48 534 656
15.1 Equitable Share			
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly FBE, which is funded from the Equitable share grant.		14 687 000	14 749 971
15.2 MIG Grant			
Balance unspent at beginning of year			132 099
Current year receipts		10 193 000	7 175 000
Conditions met - transferred to revenue		(10 094 854)	(7 307 099)
Conditions still to be met - remain liabilities (see note 21)		98 146	-
15.3 MSIG Grant			
Balance unspent at beginning of year		-	34 147
Current year receipts		790 000	750 000
Conditions met - transferred to revenue		(790 000)	(784 147)
Conditions still to be met - remain liabilities (see note 21)		-	-
15.4 NEP Grant			
Balance unspent at beginning of year		5 719 231	2 775 670
Current year receipts		16 000 000	26 400 000
Conditions met - transferred to revenue		(12 980 040)	(23 456 439)
Conditions still to be met - remain liabilities (see note 21)		8 739 191	5 719 231
15.5 Housing Grant			
Balance unspent at beginning of year		87 928	63 400
Current year receipts		-	24 528
Conditions met - transferred to revenue		-	-
Conditions still to be met - remain liabilities (see note 21)		87 928	87 928
15.6 LED Grant			
Balance unspent at beginning of year		-	40 501
Current year receipts		-	-
Conditions met - transferred to revenue		-	(40 501)
Conditions still to be met - remain liabilities (see note 21)		-	-

	Note	2012 R	2011 R
15.7 National lottery Grant			
Balance unspent at beginning of year		-	88 950
Current year receipts		-	333 333
Conditions met - transferred to revenue		-	(422 283)
Conditions still to be met - remain liabilities (see note 21)		-	-
15.8 Sport facility Grant			
Balance unspent at beginning of year		-	3 202
Current year receipts		150 000	-
Conditions met - transferred to revenue		(121 931)	(3 202)
Conditions still to be met - remain liabilities (see note 21)		28 069	-
15.9 Corridor Development Grant			
Balance unspent at beginning of year		-	83 656
Current year receipts			-
Conditions met - transferred to revenue		-	(83 656)
Conditions still to be met - remain liabilities (see note 21)		-	-
Disaster Relief Grant			
Balance unspent at beginning of year		-	10 300
Current year receipts			-
Conditions met - transferred to revenue		-	(10 300)
Conditions still to be met - remain liabilities (see note 21)		-	-
15.10 MAP Grant			
Balance unspent at beginning of year		-	53 265
Current year receipts			-
Conditions met - transferred to revenue		-	(53 265)
Conditions still to be met - remain liabilities (see note 21)		-	-
15.11 IDP Grant			
Balance unspent at beginning of year		-	50 520
Current year receipts			-
Conditions met - transferred to revenue		-	(50 520)
Conditions still to be met - remain liabilities (see note 21)		-	-
15.12 MFMA Grant			
Balance unspent at beginning of year		-	35 796
Current year receipts		1 450 000	1 200 000
Conditions met - transferred to revenue		(1 450 000)	(1 235 796)
Conditions still to be met - remain liabilities (see note 21)		-	-
15.13 Waste management Grant			
Balance unspent at beginning of year		3 387 343	-
Current year receipts		5 452 000	3 912 999
Conditions met - transferred to revenue		(3 609 956)	(525 656)
Conditions still to be met - remain liabilities (see note 21)		5 229 387	3 387 343
15.14 Support for Thusong services			
Balance unspent at beginning of year		-	-
Current year receipts		500 000	-
Conditions met - transferred to revenue		(382 987)	-
Conditions still to be met - remain liabilities (see note 21)		117 013	-
15.15 Provincial security Grant (MPCC's)			
Balance unspent at beginning of year		-	-
Current year receipts		667 000	-
Conditions met - transferred to revenue		(232 332)	-
Conditions still to be met - remain liabilities (see note 21)		434 668	-
15.16 Library Grant			
Balance unspent at beginning of year		233 340	-
Current year receipts		-	-
Conditions met - transferred to revenue		(145 627)	-
Conditions still to be met - remain liabilities (see note 21)		87 713	-
15.17 Community Library service Grant			
Balance unspent at beginning of year		-	-
Current year receipts		85 000	-
Conditions met - transferred to revenue		(14 453)	-
Conditions still to be met - remain liabilities (see note 21)		70 547	-

	Note	2012 R	2011 R
16 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS			
Other income			
Tender Monies		32 843	43 164
Telephone costs recovered		-	4 574
Hall hire		3 024	1 175
Sundry income		62 540	70 741
LG SETA Refund		65 186	15 079
Proceeeds from sale of heatonberry		-	-
Proceeds from auction sale		-	-
Reversal of provisions		345 698	-
Provisions utilised		491 918	-
VAT Refund		-	-
Profit on sale of assets		-	-
Total Other Income		**1 001 209**	**134 734**
17 EMPLOYEE RELATED COSTS		**11 722 349**	
Bonus		436 439	
Employee related costs - Salaries and Wages		5 350 850	5 148 044
Employee related costs - Contributions for UIF, pensions and medical aids		867 100	965 741
Travel, motor car, accommodation, subsistence and other allowances		949 315	956 625
Housing benefits and allowances		37 062	44 546
Overtime payments		144 424	90 777
Other employee related costs		32 134	194 956
Employee Related Costs		**7 817 323**	**7 400 690**
Remuneration of the Municipal Manager			
Annual Remuneration		588 981	571 489
Performance- bonuses		53 178	
Travel, motor car, accommodation, subsistence and other allowances		176 959	175 774
Back pay		-	18 538
Contribution to UIF		1 497	1 497
		820 616	**767 298**
Remuneration of the Chief Finance Officer			
Annual Remuneration		541 873	525 839
Performance- bonuses		48 925	-
Travel, motor car, accommodation, subsistence and other allowances		162 802	161 739
Back pay		-	17 097
Contribution to UIF		1 497	1 497
		755 098	**706 172**
Remuneration of the Director Corporate and Community services			
Annual Remuneration		541 873	471 199
Performance- bonuses		48 925	
Travel, motor car, accommodation, subsistence and other allowances		162 802	130 248
Leave pay		-	13 005
Back pay		-	17 097
Contributions to UIF		1 497	1 497
		755 098	**633 045**

Remuneration of Individual Executive Directors	**Executive services R**	**Corporate Services R**	**Financial Services R**
2012			
Annual Remuneration	588 981	541 873	541 873
Performance- and other bonuses	53 178	48 925	48 925
Travel, motor car, accommodation, subsistence and other allowances	176 959	162 802	162 802
Back Pay	-	-	-
Contributions to UIF, Medical and Pension Funds	1 497	1 497	-
Total	**820 616**	**755 098**	**753 600**

	Executive services R	**Corporate Services R**	**Financial Services R**
2011			
Annual Remuneration	571 489	471 199	525 839
Performance- and other bonuses	-	-	-
Travel, motor car, accommodation, subsistence and other allowances	175 774	130 248	161 739
Back Pay	18 538	17 097	17 097
Leave Pay		13 005	-
Contributions to UIF, Medical and Pension Funds	1 497	1 497	1 497
Total	**767 298**	**633 046**	**706 172**

	Note	2012 R	2011 R
REMUNERATION OF COUNCILLORS			
18			
Mayor		195 916	188 293
Cell allowance		181 977	165 101
Contributions to Pension		136 980	-
Councillors		1 737 174	1 596 882
Travel allowance		618 971	536 338
Total Councillors' Remuneration		**2 871 018**	**2 486 614**
In-kind Benefits			
[redacted]			
DEPRECIATION AND AMORTISATION EXPENSE			
19			
Buildings		(65 028)	95 562
Furniture and Fittings		(189 074)	227 352
Equipment		(61 286)	197 081
Community Facilities		-	146 642
Sport facilities		(665 756)	184 723
Motor vehicles		(119 955)	419 590
Total Depreciation and Amortisation		**(1 101 099)**	**1 270 950**
		1 101 099	
CONTRACTED SERVICES			
20			
Agency fees		**-**	**1 565**
Sceptic tank		**-**	**21 511**
IT Support		**189 527**	**158 369**
Security		**413 874**	**334 072**
		603 400	**515 518**
GRANTS AND SUBSIDIES PAID(grants expenditure)			
21			
FMG		1 084 592	1 235 796
Corridor		-	83 656
MAP		-	53 265
Lotto		-	422 283
Sport		116 540	3 202
LED		-	40 500
Disaster		-	10 300
MSIG		796 376	784 147
Refuse removal		786 720	525 656
National Electrification Programme		11 386 000	23 456 439
Support for Thusong services		379 298	
Provincial Sercurity (MPCC's)		208 742	
Provincialisation of Library		155 838	
Community Library services		14 454	
Housing Fund		-	24 528
		14 928 560	**26 639 772**
[redacted]			

	Note	2012 R	2011 R
GENERAL EXPENSES			
22			
Included in general expenses are the following:-			
Advertising		35 375	34 674
Salga agency fees		1 587	
Refreshments		34 362	48 897
Pauper Burial		296 368	261 102
Internal audit fees		458 913	172 078
Bank charges		24 689	20 210
Bursaries		100 191	-
Mayoral Projects		-	1 000 000
Conferences and delegations		8 790	7 406
Community services		810 554	490 829
Electricity and water		57 313	60 617
Free basic energy		745 717	821 729
Grants and donations		-	-
Fuel and oil		364 257	358 098
Insurance		327 082	210 050
Legal expenses		22 605	52 403
Licence fees		6 745	8 846
Levies and membership fees		250	3 595
LED Programmes		1 750	61 135
Postage		7 829	6 086
Printing and stationery		332 789	149 860
Professional fees		343 239	248 527
Publicity		101 071	264 597
Refuse removal		-	-
Rent plant, vehicles and machinery		513 617	303 294
Staff year end function		-	-
Stores & Material		45 577	45 970
Subsistence and travel allowance		655 404	293 549
Purchase of books		6 984	2 153
Telephone cost		440 854	409 833
Training		119 743	96 499
UDM Rural Metro Shared services		964 113	477 628
Uniforms and protective clothing		16 173	16 623
Grader expences		-	45 400
Audit fees		627 119	928 994
Archive		5 731	18 090
Skills development levy		83 043	82 071
Valuation roll		149 689	400 825
Bad debts written off		396 890	-
Students support		57 927	-
Cleaning		19 285	-
		-	-
Other		-	-
		-	-
		8 183 627	**7 401 665**
GAIN / (LOSS) ON SALE OF ASSETS			
23			
Property, plant and equipment		-	-
Proceeds		**6 047 902**	-
Cost		1 285 434	160 737
Less: accummulated depreciation		(1 250 593)	(93 727)
Carring amount		3 386 842	-
Total Gain / (Loss) on Sale of Assets		**2 661 060**	**(67 010)**

	Note	2012 R	2011 R
CASH GENERATED BY OPERATIONS			
24			
Surplus/(deficit) for the year		13 293 165	3 142 076
Adjustment for:-			
Depreciation and amortisation		1 101 099	1 270 950
(Gain) / loss on sale of assets		(2 695 899)	67 010
Contribution to provisions - non-current		-	
Contribution to provisions - current		1 145 297	491 918
Backlog depreciation		9 676 695	-
Fair value adjustments		-	-
Impairment loss / (reversal of impairment loss)		34 841	-
Other non-cash item		(2 638 000)	155 419
Operating surplus before working capital changes:		**19 917 198**	**5 127 373**
(Increase)/decrease in inventories		-	
(Increase)/decrease in trade receivables		72 788	(55 373)
(Increase)/decrease in other receivables		77 873	(15 812)
(Increase)/decrease in VAT receivable		(300 896)	(325 884)
Increase/(decrease) in conditional grants and receipts		5 698 157	6 386 449
Increase/(decrease) in trade payables		(165 314)	(604 048)
Increase/(decrease) in consumer deposits			
Increase/(decrease) in VAT payable			
Cash generated by/(utilised in) operations		**25 299 807**	**10 512 705**
CASH AND CASH EQUIVALENTS			
25			
Cash and cash equivalents included in the cash flow statement comprise the following:			
Bank balances and cash		17 397 841	6 326 668
Bank overdrafts			-
Net cash and cash equivalents (net of bank overdrafts)		**17 397 841**	**6 326 668**

	Note	2012 R	2011 R
26 Accumulated Depreciation			
Balance previously reported - Implementation of GRAP			
Backlog depreciation: Land and buildings		605 604	
Backlog depreciation: Furniture and Fittings		148 925	
Backlog depreciation: Community facilities		4 736 831	
Backlog depreciation: Office Equipment		96 208	
Backlog depreciation: Sport facilities		3 046 909	
Backlog depreciation: Motor vehicles		1 042 397	
Total (debited to Accumulated Surplus/(Deficit)) (see 47.7 below)		**9 676 874**	-

	Note	2012 R	2011 R
ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE			
27 MANAGEMENT ACT			
Audit fees			
Opening balance		274 298	
Current year audit fee		627 119	274 298
Amount paid - current year		(627 119)	(274 298)
Amount paid - previous years		(274 298)	
Balance unpaid (included in payables)		**0**	**-**

	Note	2012 R	2011 R
28 CAPITAL COMMITMENTS			
Commitments in respect of capital expenditure			
- Approved and contracted for		**406 427**	**84 975**
Infrastructure		406 427	84 975
Community			
Heritage			
Other			
- Approved but not yet contracted for		**5 935 823**	**8 744 379**
Infrastructure		5 935 823	8 744 379
Community			
Heritage			
Other			
Total		6 342 250	8 829 354
This expenditure will be financed from:			
- External Loans			
- Government Grants		6 342 250	8 829 354
- Own resources			
- District Council Grants			
		6 342 250	**8 829 354**
29 Operating leases			
At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:			
Operating leases - lessee			
Within one year		420 840	400 335
In the second to fifth year inclusive		814 736	767 309
After five years			
Total		**1 235 575**	**1 167 644**

	Note	2012 R	2011 R
30 CONTINGENT LIABILITY			
Case between the Municipality and Mr XC Mzobe was still pending at financial year end .			
The amount of R173 035.00 is payable should the case be in favour of Mr XC Mzobe		223 035	173 035

NTAMBANANA MUNICIPALITY

APPENDIX A

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2012

	Cost / Revaluation					Accumulated Depreciation								
	Opening Balance R	Additions R	Disposals R	Under Construction R	Closing Balance R	Opening Balance R	Backlog depreciation	Depreciation R	Disposals R	Impairment loss/Reversal of impairment loss R	Closing Balance R	Transfers R	Other movements R	Carrying Value R
Land														
Land and Buildings	2 890 896	195 232	-		3 086 128	(777 396)	(605 604)	(65 028)	-	-	(1 448 028)	-	-	1 638 100
	2 890 896	195 232	-	-	3 086 128	(777 396)	(605 604)	(65 028)	-	-	(1 448 028)	-	-	1 638 100
Other assets	-	-	-	-	-	-		-	-	-	-	-	-	-
Infrastructure														
Furniture and fittings	1 650 403	1 944 987	53 705	-	3 541 686	(1 323 954)	(148 925)	(189 074)	40 328	-	(1 621 626)	-	-	1 920 060
Office equipment	1 139 438	303 713	179 984	-	1 263 167	(716 852)	(96 028)	(61 286)	158 520	-	(715 646)	-	-	547 521
Community facilities	11 208 765	3 424 512	-	4 333 464	18 966 741	(149 788)	(4 736 831)	(244 770)	-	-	(5 131 389)	-	-	13 835 352
Motor vehicles	1 051 745	2 703 826	1 051 745	-	2 703 826	(997 347)	(1 042 397)	(119 955)	1 051 745	-	(1 107 953)	-	-	1 595 873
Sport facilities	9 584 367	2 134 178	-	2 419 197	14 137 742	(475 317)	(3 046 909)	(420 986)	-	-	(3 943 212)	-	-	10 194 530
	24 634 718	**10 511 216**	1 285 434	6 752 661	**40 613 162**	**(3 663 258)**	**(9 071 090)**	**(1 036 071)**	1 250 593	-	(12 519 826)	-	-	28 093 336
	-	-	-	-	-	-		-	-	-	-	-	-	-
	-	-	-	-	-	-		-	-	-	-	-	-	-
Total carried forward	**27 525 614**	**10 706 448**	**1 285 434**	**6 752 661**	**43 699 290**	**(4 440 974)**	**(9 676 694)**	(1 101 099)	1 250 593	-	(13 967 854)	-	-	**29 731 436**

NTAMBANANA MUNICIPALITY

APPENDIX B

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

as at 30 June 2012

	Cost / Revaluation					Accumulated Depreciation					
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Backlog depreciation	Additions	Disposals	Closing Balance	Carrying value
	R	R	R	R	R	R		R	R	R	R
Executive & Council	27 525 615	10 706 449	6 752 661	(1 285 434)	43 699 291	(4 440 974)	(9 676 695)	1 101 099	1 250 593	13 967 854	29 731 436
Finance & Admin											
Planning & Development											
Health											
Community & Social Services											
Sport & Recreation											
Environmental Protection											
Road Transport											
Water											
Electricity											
Other											
Total	**27 525 615**	**10 706 449**	**6 752 661**	**(1 285 434)**	**43 699 291**	**(4 440 974)**		**1 101 099**	**1 250 593**	**13 967 854**	**29 731 436**

NTAMBANANA MUNICIPALITY

APPENDIX C

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2012

2011	2011	2011		2012	2012	2012
Actual Income	Actual Expenditure	Surplus / (Deficit)		Actual Income	Actual Expenditure	Surplus / (Deficit)
R	R	R		R	R	R
	35 479 250	(35 479 250)	Executive & Council		26 754 130	(26 754 130)
49 806 774	3 365 341	46 441 433	Finance & Admin	50 255 024	3 233 254	47 021 770
	7 177 411	(7 177 411)	Corporate services		6 442 316	(6 442 316)
	642 697	(642 697)	Planning and development		532 159	(532 159)
						-
49 806 774	**46 664 699**	**3 142 075**		**50 255 024**	**36 961 859**	**13 293 165**
			Less: Inter-Department Charges			
49 806 774	**46 664 699**	**3 142 075**	Total	**50 255 024**	**36 961 859**	**13 293 165**